

## Regulatory Announcement

**Company**      [Kiwara PLC](#)  
**TIDM**          KIW  
**Headline**      ISSUE OF SHARES AND OPTION  
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Kiwara PLC  
29 August 2008

KIWARA PLC  
Share code on AIM: KIW ISIN: GB0007702953  
Share code on the JSE: KWR ISIN: ZAE0007702953  
(Incorporated in England)  
(Registration number: 01760458)  
("Kiwara" or "the Company")

### **TERMS ANNOUNCEMENT FOR THE SPECIFIC ISSUE OF SHARES AND OPTION**

#### **1. Introduction**

Kiwara, subject to relevant conditions precedent, has entered into an agreement with NAMF Nominees (Proprietary) Limited ("NAMF") ("NAMF Specific Issue Agreement"), the terms of which include the issue to NAMF of 5,000,000 ordinary shares of 1 pence each at a strike price of R3.00 per ordinary share ("Specific Issue Shares") and the grant to NAMF of an option to subscribe for a further 2,500,000 ordinary shares of 1 pence each at a strike price of R4.00 per share ("NAMF Option") (collectively the "NAMF Specific Issue" or "the transaction").

The Specific Issue Shares and NAMF Option are deemed to be specific issues of shares for cash in terms of section 5.51 and 5.53 of the JSE Limited ("JSE") Listings Requirements respectively. In addition, the Specific Issue Shares and NAMF Option constitute related party transactions in terms of section 10 of the JSE Listings Requirements due to NAMF being a material shareholder in a subsidiary of Kiwara.

#### **2. The NAMF Specific Issue**

The terms and conditions embodied in the NAMF Specific Issue Agreement are as follows:

- Kiwara agrees to place 5,000,000 ordinary shares of 1 pence each with NAMF at a strike price of R3.00 per ordinary share;
- Kiwara agrees to grant NAMF an option to subscribe for a further 2,500,000 ordinary shares of 1 pence each at a strike price of R4.00 per ordinary share exercisable for a period of three years from the date of signing the NAMF Specific Issue Agreement; and

- NAMF agrees to advance R15,000,000 to Kiwara for the Specific Issue Shares and NAMF Option.

### 3. Conditions precedent

In terms of section 5.51 ,5.53 and 10 of the Listings Requirements, shareholder approval, representing not less than three-fourths (75%) of the votes exercisable by shareholders present and voting at a general meeting, either in person or by proxy, and a fairness opinion is required for the NAMF Specific Issue.

### 4. Rationale for the NAMF Specific Issue Agreement

Kiwara, through its subsidiary Kiwara Resources (Zambia) Ltd, holds the majority interest in Kalumbila Minerals Ltd, which holds mineral Prospecting Licence 267, covering part of the Kabompo Dome in North West Province of Zambia. The focus of the Company's exploration programme as set out in the Snowden Competent Person's Report dated 14th February 2008 (and which forms a part of the Company's JSE pre-listing statement dated Tuesday, 3 April 2008) is the Kalumbila base metals target and Kawanga Uranium target, with other secondary regional targets, including Kawako and Nyambwezu.

The Company's stated objective is to produce an initial statement of inferred Resources at Kalumbila this year. Ongoing work at Kalumbila suggests that the copper mineralisation is more extensive than has previously been determined. It is the Board's opinion that this enlarged target requires further investigation - representing an increase in the projected drilling in the identified copper zone from a projected total of 7,100m and that such additional data may add to the size of the stated Resource. While this would be expected to add value to the asset, it will require additional funding to maintain an expanded exploration programme. In addition, ongoing soil geo-chemistry and drill reconnaissance at Kawako, a historic base metals target in the proximity of and in a similar geological setting to Kalumbila, suggests that it too hosts both nickel and copper mineralisation and justifies additional expenditure to fund further exploration.

### 5. Financial effects

The table below sets out the unaudited *pro forma* financial effects of the NAMF Specific Issue on Kiwara. The unaudited *pro forma* financial effects are presented for illustrative purposes only and because of their nature may not give a fair reflection of Kiwara's results, financial position and changes in equity after the NAMF Specific Issue has been effected. It has been assumed for purposes of the *pro forma* financial effects that the NAMF Specific Issue took place with effect from 1 April 2007 for income statement purposes and 31 March 2008 for balance sheet purposes. The directors are responsible for the preparation of the unaudited *pro forma* financial effects.

	Published		Pro forma			
	Before NAMF Specific Issue <sup>1</sup>	Scenario 1 <sup>3</sup>			Scenario 2 <sup>4</sup>	
		After NAMF Specific Issue	Change <sup>5</sup> (%)	After NAMF Specific Issue	Change <sup>5</sup> (%)	
Basic loss per share (pence)	(0.08)	(0.18)	(125.0)	(0.19)	(137.5)	
Diluted loss per share (pence)	(0.08)	(0.18)	(125.0)	(0.19)	(137.5)	
Headline loss per share (pence)	(0.08)	(0.18)	(125.0)	(0.19)	(137.5)	
Diluted headline loss per share	(0.08)	(0.18)	(125.0)	(0.19)	(137.5)	

(pence)					
NAV per share (pence)	8.92	9.43	5.7	9.20	3.1
Tangible NAV per share (pence)	0.78	1.65	111.5	1.30	66.7
Number of ordinary shares in issue	160,485,010	167,985,010	4.7	165,485,010	3.1
Weighted average number of ordinary shares in issue	111,815,611	119,315,611	6.7	116,815,611	4.5
Diluted weighted average number of ordinary shares in issue	112,527,988	120,027,988	6.7	117,527,988	4.4

#### Notes:

1. The "Before NAMF Specific Issue" financial information is based on Kiwara's published audited results for the year ended 31 March 2008.
2. The "After NAMF Specific Issue" pro forma information is presented under two scenarios. Both scenarios incorporate the issue of the 5,000,000 ordinary shares to NAMF and include the transaction costs related to the NAMF Specific Issue. Under scenario 1, the NAMF Option is exercised, whereas in scenario 2 it is not. The income statement has been adjusted for an IFRS 2 charge of £131,137 relating to the NAMF Option, as calculated using a binomial model. The transaction costs relating to the NAMF Specific Issue have been written off against share premium. It has been assumed that all cash received has been applied for the purpose as stated in paragraph 4 above as at 1 April 2007 and accordingly no interest income has been provided for on the cash received.
3. Scenario 1 presents the case where the NAMF Option is exercised on 1 April 2007.
  - o EPS, diluted EPS, HEPS and diluted HEPS are adjusted for the exercise of options at 1 April 2007.
  - o NAV and TNAV are adjusted to include the cash received from:
    - i. the specific issue of the 5,000,000 ordinary shares at R3.00 per share; and
    - ii. the exercise of the specific option granted in respect of 2,500,000 ordinary shares at R4.00 per share.
4. Scenario 2 presents the case where the NAMF Option is not exercised in 2007.
  - o EPS and HEPS are calculated using the original weighted average number of ordinary shares as published for the period to 31 March 2008 adjusted for the 5,000,000 Specific Issue Shares at 1 April 2007.
  - o NAV and TNAV are calculated using the original number of ordinary shares in issue as published at 31 March 2008 adjusted for the 5,000,000 Specific Issue Shares at 1 April 2007.
5. An exchange rate of R16.139/£, being the closing exchange rate on 31 March 2008, has been used in this *pro forma* analysis, except in the determination of the IFRS 2 charge on the NAMF Option, where an exchange rate of R15.251/£ was used, being the closing exchange rate on the option grant date.
6. The percentage change has been calculated on rounded numbers.

#### Documentation relating to the general meeting

A circular containing full details of the transaction and general meeting will be posted to shareholders in due course.

London

29 August 2008

Investment Bank and Sponsor:  
Investec Bank Limited

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